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### **Report Highlights:**

**Lower wheat plantings due to unfavourable weather will result in a lower EU grain crop in 2001. The effects of Agenda 2000 reforms are already visible: EU grain prices have gained in competitiveness both in the domestic market and abroad. Cereal incorporation rates in compound feed have continued to rise in marketing year 2000/01.**

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## Executive Summary

Following a bumper grain crop of 211.5 MMT in 2000, planting conditions for the next harvest have been unfavourable in a number of EU regions suffering from heavy rainfall. Consequently, the 2001 EU grain output will be 3 MMT lower than in 2000. The decrease will result primarily from reduced plantings, of common wheat in particular.

At the end of 2000, the EU's animal sector was confronted with the outbreak of an EU-wide BSE crisis. Effective January 1, 2001, the EU Commission took a number of specific measures, which will affect supply and demand in the animal feed sector. With feed grains making up the major part of animal feed output, developments with regard to BSE have a direct impact in the grains sector. Most market sources agree that 2000/01 total compound feed production will, however, remain unchanged from the previous year. Although other protein-containing products are desirable to replace the (prohibited) meat and bone meal in compound feed, the incorporation rate of cereals has again increased in 2000/01. This trend is expected to continue in 2001/02, particularly since the second cut in grain intervention prices on July 1, 2001 will continue to improve the price competitiveness of EU grain.

Marketing year 2000/01 is the first year of the implementation of Agenda 2000 reforms in the arable crop sector. One effect has been the gradual shift from oilseeds into grains production, which was most noticeable for the 2000 harvest. Another consequence has been the narrowing of the gap between international and EU domestic market prices. Helped by a weak EURO, this has led to substantial reductions in volumes and values of EU subsidized grain exports. So far this marketing year, all EU barley exports have taken place without the use of export subsidies. Unsubsidized exports will aid the EU in staying within its WTO limits for 2000/01, which is the final year of the GATT Uruguay Round Agreement implementation period.

Total EU grain stocks at the end of 2000/01 are expected to rise by 600,000 MT, a relatively small increase considering the large size of the 2000 grain crop. In 2001/02, total EU grain stocks are forecast to decrease, a consequence of strong demand for EU grain both domestically and internationally.

**Total grains: Supply-Demand table**

Figures in 1,000 MT, except area: 1,000 HA

Beg. month of MY:	7/99		7/00		7/01	
	Revised 1999		Preliminary 2000		Forecast 2001	
	old	new	old	new	old	new
Area harvested	36110	36210	36960	37400	0	36900
Beginning stocks	44044	44044	40479	37975	0	38595
Production	199000	199700	208680	211500	0	208270
Total MY imports	39990	40862	40850	41085	0	40510
Intl. Yr. imports	39990	41001	40850	41085	0	40510
Intl. Yr. imports U.S.	1570	1824	1650	1847	0	2037
Intl. Yr third cntrs.	5462	6779	6312	6050	0	5975
TOTAL SUPPLY	283034	284606	290009	290560	0	287375
Total MY exports	59545	63591	58945	62605	0	60685
Intl. Yr. Exports	60745	64300	60145	62605	0	60685
Intl. Yr. Exp. Third cntrs.	26255	30079	25655	27570	0	26150
Feed domestic cons.	111940	110650	113070	115870	0	116720
non-feed domestic cons.	71070	72390	71540	73490	0	74690
Total domestic cons.	183010	183040	184610	189360	0	191410
Ending stocks	40479	37975	46454	38595	0	35280
TOTAL DISTRIBUTION	283034	284606	290009	290560	0	287375

**Production**

The 2000 EU grain harvest was the first since Agenda 2000 reforms were implemented. The arable crop set aside rate was left unchanged at 10 percent, for both 2000 and 2001. In marketing year 2000/01, the shift from oilseeds into wheat production did not come as a surprise, given the lower profitability resulting from decreased compensatory payments for oilseeds. Total grain output in 2000 amounted to 211.5 MMT, representing a 12 MMT-increase compared to the previous year. Both an area increase, particularly in wheat, and generally improved yield levels accounted for the rise in EU grain output. Apart from the bumper crop results, average grain quality deteriorated in some EU regions due to wet weather during the summer of 2000. French wheat in particular suffered from quality losses.

The 2001 grain crop is expected to be 3 MMT lower than in 2000. While yield levels are forecast to remain unchanged, the decrease will result primarily from reduced plantings. The area for soft wheat has declined considerably (-5%), but the total grain area decrease remains limited (-1%) due to a rise in coarse grain area (+1.5%), which is mainly driven by increased plantings of corn, barley and triticale. Part of the lower wheat plantings may have been intentional, in view of better market prospects for oilseeds. Winter plantings of wheat were also delayed or foregone in large parts of the EU due to heavy rainfall. Large grain areas in the U.K. and the North and West of France have particularly suffered from these weather conditions. Spring plantings may partly compensate for reduced winter plantings, especially in the case of barley. In Southern Europe, spring crop plantings have been delayed due to heavy rainfall.

Although it is still too early in the growing season to make predictions about yield levels, it can be assumed that bad planting conditions will be detrimental to some crop results. Therefore, yields may deteriorate in the U.K., Ireland, France, Belgium and the Netherlands. On the other hand, market sources report that winter grain in Germany and Scandinavia is developing well. Overall net EU grain yield levels are expected to benefit from a long term trend of improving yields, though the average rate of increase will be lower than in the 1980s. Also, as part of the grain area has entered into voluntary set aside, some marginal land has been taken out of production, a factor which should drive up average yield levels on the area cultivated with grain.

Total EU barley output in 2001 is forecast to decline from the previous year, whereby the increase in malting barley production will not be sufficient to compensate for the drop in feed barley output. For the third consecutive year, French farmers have increased the proportion of breadwheat varieties sown for harvest in 2001. The lack of good milling wheat in France during the current marketing year has undoubtedly contributed towards this development.

See Tables 1 and 2 for a split-up by EU member state of the forecast production and harvested area for MY2001/02.

Table 1: EU-15 Cereals Estimated Harvested Area for 2001/02  
 Million Hectares

Crop	Austria	Belg./Lux	Denmark	Finland	France
Wheat total	0.29	0.21	0.60	0.13	4.98
Soft wheat	0.28	0.21	0.60	0.13	4.65
Durum wheat	0.01	0.00	0.00	0.00	0.33
Barley	0.22	0.07	0.77	0.58	1.66
Corn	0.20	0.04	0.00	0.00	1.90
Rye	0.06	0.00	0.07	0.04	0.04
Oats	0.03	0.01	0.04	0.40	0.06
Sorghum	0.00	0.00	0.00	0.00	0.06
Millet	0.00	0.00	0.00	0.00	0.01
Mixed gr.	0.02	0.01	0.02	0.01	0.25
Grand total	0.82	0.34	1.50	1.16	8.96
Crop	Germany	Greece	Ireland	Italy	Netherl.
Wheat total	2.93	0.70	0.07	2.32	0.13
Soft wheat	2.92	0.20	0.07	0.62	0.13
Durum wheat	0.01	0.50	0.00	1.70	0.00
Barley	2.11	0.15	0.19	0.32	0.05
Corn	0.36	0.16	0.00	1.10	0.02
Rye	0.83	0.02	0.00	0.01	0.01
Oats	0.23	0.05	0.02	0.11	0.00
Sorghum	0.00	0.00	0.00	0.03	0.00
Millet	0.00	0.00	0.00	0.00	0.00
Mixed gr.	0.60	0.00	0.00	0.00	0.01
Grand total	7.06	1.08	0.28	3.89	0.22

Crop	Portugal	Spain	Sweden	U.K.	Tot. EU-15
Wheat total	0.20	2.34	0.38	1.92	17.20
Soft wheat	0.15	1.44	0.38	1.92	13.70
Durum wheat	0.05	0.90	0.00	0.00	3.50
Barley	0.03	3.25	0.42	1.18	11.00
Corn	0.19	0.43	0.00	0.00	4.40
Rye	0.05	0.09	0.03	0.01	1.26
Oats	0.07	0.40	0.30	0.10	1.82
Sorghum	0.00	0.01	0.00	0.00	0.10
Millet	0.00	0.00	0.00	0.00	0.01
Mixed gr.	0.05	0.03	0.10	0.01	1.11
Grand total	0.59	6.55	1.23	3.22	36.90

Source: FAS Reports, Press Reports, various other sources.

Note: Not official USDA data. Totals may not match PS&D tables due to rounding.

Table 2: EU-15 Cereals Estimated Production 2001/02  
Million Metric Tons

Crop	Austria	Belg./Lux	Denmark	Finland	France
Wheat total	1.51	1.60	4.50	0.48	36.13
Soft wheat	1.45	1.60	4.50	0.48	34.60
Durum wheat	0.06	0.00	0.00	0.00	1.53
Barley	0.95	0.50	4.12	1.95	10.60
Corn	1.90	0.43	0.00	0.00	17.65
Rye	0.18	0.01	0.25	0.10	0.14
Oats	0.20	0.05	0.22	1.32	0.43
Sorghum	0.00	0.00	0.00	0.00	0.34
Millet	0.00	0.00	0.00	0.00	0.02
Mixed gr.	0.10	0.08	0.07	0.03	1.00
Grand total	4.84	2.67	9.16	3.88	66.31
Crop	Germany	Greece	Ireland	Italy	Netherl.
Wheat total	21.84	1.70	0.68	7.19	1.06
Soft wheat	21.80	0.60	0.68	2.89	1.06
Durum wheat	0.04	1.10	0.00	4.30	0.00
Barley	12.60	0.35	1.39	1.25	0.35
Corn	3.15	1.60	0.00	10.70	0.20
Rye	4.50	0.03	0.00	0.01	0.03
Oats	1.25	0.08	0.12	0.37	0.01
Sorghum	0.00	0.00	0.00	0.23	0.00
Millet	0.00	0.00	0.00	0.00	0.00
Mixed gr.	3.45	0.02	0.02	0.05	0.03
Grand total	46.79	3.78	2.07	19.80	1.68
Crop	Portugal	Spain	Sweden	U.K.	Tot. EU-15

Wheat total	0.26	5.85	2.50	14.00	99.30
Soft wheat	0.24	4.60	2.50	14.00	91.00
Durum wheat	0.02	1.25	0.00	0.00	8.30
Barley	0.04	8.25	1.67	6.62	50.50
Corn	1.00	3.57	0.00	0.00	40.20
Rye	0.04	0.18	0.18	0.10	5.75
Oats	0.06	0.43	1.41	0.55	6.50
Sorghum	0.00	0.03	0.00	0.00	0.60
Millet	0.00	0.00	0.00	0.00	0.02
Mixed gr.	0.03	0.08	0.39	0.05	5.40
Grand total	1.43	18.39	6.15	21.32	208.27

Source: FAS Reports, Press Reports, European Commission.

Note: Not official USDA data. Totals may not match PS&D tables due to rounding.

## Consumption

### Consumption - Feed grain demand

With more than half of EU grain production being used for animal feed, the developments of the animal sector and the grains sector are closely intertwined. Only a couple of months of marketing year 2000/01 had evolved when the agricultural sector in the EU had to deal with a new BSE crisis outbreak. Following an increased number of BSE cases outside the U.K., the EU Commission decided, as of January 1, 2001, to ban the use of meat and bone meal (MBM) in animal feed rations throughout the EU. The ban has been put in place for an initial six-months'-period, but may be prolonged after June 30, 2001. Also, starting January 1, 2001, the EU Commission only allows bovine animals older than 30 months to enter into the food chain if they have tested negative for BSE. While some EU member states need time to set up the necessary testing infrastructure, a "Purchase for Destruction" scheme is available, which disposes of surplus animals.

Following the implementation of the BSE measures, market analysts started making forecasts about the effect of the measures on the animal feed, hence feed grain sector. The general conclusion was that high protein soybean meal was the logical and most efficient replacement for the protein previously supplied by MBM. Soybean meal incorporation in animal feed already amounted to about 14 percent of EU compound feed output during marketing years 1998/99 and 1999/2000. There are, however, other factors which may have an impact on raw material purchases by the feed industry. Compared to soybean meal, which in the current marketing year has significantly gone up in price, there may be cheaper raw materials available, such as EU feed grains. The possible decrease in efficiency may be outweighed by the cost advantage in using feed grains. The BSE crisis has severely restrained market outlets and consequently cattle slaughterings have decreased. This means that



farmers are confronted with a backlog in cattle numbers, having to feed cattle for subsistence rather than feeding it intensively or providing it with feed which meets the strictest nutritional requirements. In conclusion, cattle feed production may go down slightly during 2000/01. While consumer demand for beef has gone down considerably, pork and poultry meat have gained in importance. Consequently, pig and poultry feed production may rise, compensating nearly entirely for the drop in cattle feed production.

Most market sources agree that 2000/2001 total compound feed production will remain relatively constant from the previous year. In recent years, cereal incorporation rates in EU compound feed have risen steadily. Apart from a small dip in 1999/2000, when the combination of manioc and soybean meal provided for a more cost-attractive alternative, consumption of feed grains has gained importance. In 2000/01, the implementation of Agenda 2000 reforms (see Policy) and a relatively weak EUR/\$ exchange rate has led to improved cereal competitiveness. Among the various feed grains, the price attractiveness will be greatest for wheat. Plentiful wheat supplies are available from the 2000 EU grain crop, which included 95.5 MMT of common wheat. Furthermore, quality decreases due to bad weather conditions downgraded large volumes of EU wheat to feed wheat. Apart from increased use of wheat in compound feed production, on-farm use of wheat will rise concurrently. Barley use in compound feed will also augment in 2000/01, be it at a much lower rate of increase than the one for wheat. Corn use in feed is expected to remain practically unchanged from in 1999/2000.

In 2001/02, there may be a more visible impact from the BSE crisis. EU cattle numbers may decline, both because of the continuous fall in dairy cattle, and as a result of a structural downward adjustment to beef production in the EU. Analysis is, however, complicated by the fact that concrete measures from EU authorities are still under debate. Agenda 2000 reforms in the arable crop sector are expected to lead to a continued improvement in cereal competitiveness in marketing year 2001/02. Cereal feed usage is forecast to further increase, albeit at a lower rate than in 2000/01. The highest increase will be recorded in wheat, because the general EU barley balance is forecast to be much tighter than in 2000/01. Furthermore, nutritional constraints in the feed formulations may somewhat limit the extent to which cereal incorporation rates in compound feed can expand.

### **Consumption - Non-feed grain demand**

Non-feed consumption of cereals in 2000/01 and 2001/02 is expected to increase from 1999/2000 levels, both for wheat and coarse grains. The rate of increase is, however, smaller than the one recorded in the area of feed use. Soft wheat used for domestic flour consumption will remain stagnant. Wheat use for the production of starch will grow in concurrence with the increasing share of wheat-based starch capacity in the EU. Generally, attractive prices for EU wheat have worked to the benefit of starch producers.

Non-feed uses of coarse grains are expected to grow primarily for barley and to a lesser extent corn, while non-feed applications for oats, rye, sorghum, millet and mixed grains are forecast to remain unchanged. Barley consumption for the production of malt is expected to be very strong, in view of excellent export prospects for EU malt in 2001. Eastern Europe has become the dominant export market for EU malt.

### **Trade**

## Trade - Exports

In 1999/2000, EU exports of soft wheat grain to third countries rose by nearly 3 MMT from the previous marketing year. Five destination countries made up for 60 percent of the total exports of 12 MMT: Algeria (2.05 MMT), Iran (1.85 MMT), Morocco (1.84 MMT), Cuba (0.82 MMT), and Tunisia (0.7 MMT). Increases in exports of soft wheat flour were less spectacular, rising from 3.2 MMT in 1998/99 to 3.28 MMT in 1999/2000. The five largest export markets were as follows: Libya (0.75 MMT), Yemen (0.36 MMT), Indonesia (0.25 MMT), Angola (0.21 MMT), and Sudan (0.18 MMT).

Compared to 1999/2000, EU export license issuance for EU grain is running behind by 6.6 MMT as of March 8, 2001. The largest backlogs are for barley (-3.2 MMT) and for barley malt (-1.6 MMT grain equivalent), but considerable decreases are also recorded for rye (-1 MMT), wheat (-0.76 MMT), and wheat flour (-0.44 MMT grain equivalent). Export license issuance is generally a good indicator for actual exports taking place. However, EU exporters' short/long position in licenses, and a possible balance of carried forward licenses from the previous marketing year, may change the actual export numbers. For example, when taking into account the number of barley licenses carried forward from the previous marketing year (between 1 and 2 MMT), exports of barley in 2000/01 are falling less behind than would appear from the number of licenses issued. For the entire marketing year 2000/01 ending June 30, 2001, it is forecast that exports of barley will fall by 1 MMT from 1999/2000.

Given the zero-subsidy policy of the Commission, ensuring through the use of correctives that subsidies remain zero during the entire validity period of the export licenses (current month + 4), there is no reason for EU barley exporters to be long on licenses. They apply for licenses when the actual shipment date approaches. At the conclusion of the sale, they count on at least a zero subsidy applying at the time of shipment (assuming that chances for export taxes are nil). The same thinking prevails in the malt sector, where exporters book the cheapest licenses possible, 30-day licenses with an unfixed refund. Consequently, lower license issuance for malt as per March 8, 2001 (1.24 MMT grain equivalent compared to 2.84 MMT in the previous year) does not signal a decline in malt exports in 2000/01.

On the other hand, in the wheat sector, where positive export subsidies are set on a weekly basis (see Export Policy), the exporters are more likely to take a longer term position. Although license issuance under free market tenders has averaged about 350,000 MT per week since the end of December 2000, it is forecast that total 2000/01 soft wheat exports (including flour) will be 1 MMT lower than in 1999/2000. Problems related to quality of wheat of the 2000 harvest, more particularly in France, have played a role in the decrease in EU wheat exports this year. These problems should, however, not be overstated as traders and millers have found ways to use larger quantities of lower quality wheat in their grinds. Also, on a total EU basis, higher quality German and British wheats have partly compensated for the drop in exports of French wheat.

The 2.5 MMT drop in total EU grain exports estimated for 2000/01 is expected to be followed by a 1.4 MMT reduction in EU grain exports in 2001/02. Coarse grain exports, of barley in particular, are expected to decrease by 0.8 MMT, while total wheat exports (including flour) may diminish by nearly 0.6 MMT. The 2001 EU harvest is expected to generate some 5 MMT less wheat, which will reduce export availabilities in 2001/02. After having been the world's major supplier of barley over the last two years, the EU may meet with more competition in 2001/02. Furthermore, import demand of feed barley may decrease as crops in North Africa and the Near East improve in 2001.

Trade data in the enclosed Supply-Demand tables do not take account of any potential adverse effects of the foot-and-mouth disease crisis in the U.K. and in one region in France. Currently, certain third countries (in North Africa and East Europe) are taking action against grain exports from the U.K. and in some cases even from the EU as a whole. EU authorities have stated that there is no scientific justification for grain trade restrictions, as the EU foot-and-mouth disease legislation does not impose any restrictions on trade in cereals except from areas affected or under restriction, which are subject to stringent movement controls. The effects from the foot-and-mouth disease crisis on EU grain trade are difficult to measure at this time. Discussions with third countries involved have not yet been rounded off, but there are indications that mutually acceptable solutions will be found in order not to disrupt EU grain exports.

## Trade - Imports

EU grain imports normally exceed the quantities of grains which can be imported under market access agreements or tariff rate quotas (see under Import Policy). For wheat, additional imports are necessary to complement the primarily soft wheat varieties grown in the EU. For example, EU common wheat imports from the U.S. consist exclusively of Hard Red Spring wheat (1.1 MMT in 1999/2000). In the case of durum wheat and corn, additional imports from third countries remain necessary to meet the requirements of industrial customers in EU member states. Generally, the level of the "normal" import duty (i.e., the duty applicable on imports outside TRQs or special trade agreements) has been high enough to prevent third countries from supplying more than the minimum necessities (2.5 MMT-3.5 MMT) required by EU importing member states.

Starting July 1, 2000, grain import duties decreased in accordance with the cut in EU grain intervention prices (see under Import Policy). While this factor should benefit third country high-quality grain suppliers to the EU, total EU grain imports are forecast to decrease by over 700,000 MT in 2000/01. For some products, like durum wheat, imports may decrease because internal supplies are larger than in the previous year. Also, the strong U.S. dollar has led to increased price competitiveness of domestic grains, such as common wheat and corn. Duty-free wheat imports from East European countries (see Import Policy) will remain limited in 2000/01 due to reduced availabilities in these countries. Sorghum imports, mainly from the U.S., have been negligible so far this season owing to high prices for sorghum in the U.S. Accumulated exports from the U.S. to the EU until March 1, 2001 are listed in Table 3.

Effective July 1, 2001, EU grain import duties will continue to decrease owing to the second cut in intervention prices provided for in Agenda 2000 reforms. However, total grain imports are forecast to remain stable in 2001/02. Wheat imports may go up as more use will be made of duty-free import quotas from East European countries. Coarse grain imports may continue to decrease owing to reduced corn import requirements resulting from increased domestic supplies.

Table 3: Accumulated grain exports from the U.S. to the EU, marketing year 2000/01 versus 1999/2000, until March. Data in 1,000 Metric Tons.

Product	Marketing year, beginning month	U.S. exports to the EU, MY 2000/01, until March 1, 2001	U.S. exports to the EU, MY 1999/2000, until March 1, 2000
Hard Red Spring wheat	June	830.0	762.6
Durum wheat	June	279.6	262.2
Barley	June	27.8	28.6
Corn	September	1.4	4.0
Sorghum	September	0.0	178.7

Source: U.S. Export Sales - U.S. Department of Agriculture - March 8, 2001

## Stocks

As per March 7, 2001, EU intervention stocks stand at 5.363 MMT (net balance), a decrease of 5.6 MMT compared to the same time last year. See Table 4 for details. Heavy selling out of intervention stocks during 1999/2000 has resulted in carry-in stocks in public stores of 8.7 MMT on July 1, 2000 (compared to 18 MMT at the start of 1999/2000). In 2000/01, public grain stocks will continue to be built off, as sales out of intervention are expected to outweigh offers into intervention. Given the low market supplies of wheat of interventionable quality from the 2000 harvest, prices have risen above intervention levels; hence offers into intervention during 2000/01 will be negligible or even zero. In December 2000, the EU Commission opened an intervention tender for wheat of the 1999 harvest in order to make some of the higher quality stocks available to domestic millers. With public stock levels decreasing, the European Commission will have fewer means at hand to steer exports. Like in the case of wheat, intervention stocks may be used to manage internal market supply-demand imbalances. Currently, EU authorities appear to strive for intervention stocks close to zero, a thinking which is new in comparison with past EU grain policy.

Barley intervention stocks at the end of 2000/01 are also expected to decrease from the previous marketing year. During the first half year of 2000/01, about 2 MMT of feed barley have been exported from intervention stores. Furthermore, offers into intervention will remain limited as long as feed barley market prices remain above intervention levels. Last, a further cut in EU intervention prices on July 1, 2001 to EUR 101.31/MT will reduce the attractiveness of intervention as a market outlet in future marketing years.

Since July 1, 2000, the EU has applied stricter rules for purchasing grain into intervention. Commission Regulation 824/2000 of April 19, 2000 sets out the details. For wheat, a minimum protein level of 10 percent was set, level increasing to 10.3 percent by July 1, 2001, and to 10.5 percent by July 1, 2002. The minimum level for the Zeleny test was raised from 20 to 22 ml. The minimum specific weight level for wheat was increased from 72 to 73 kg per hl. The new system also includes a doubling of the system of bonuses and penalties for variations in protein and quality. A maximum moisture content of 14.5 percent was introduced for all grain. However, per Commission Regulation 2107/2000 of October 4, 2000, member states are authorized to set the maximum moisture content for common wheat, barley and rye offered for intervention during 2000/01 at 15 percent.

Table 4: EU intervention stock situation on March 7, 2001 (1,000 MT)

Product	Opening stocks, July 1, 2000	Balance 1/ (A)	Open for sale (B)	Under offer (C)	Net balance on March 7, 2001 (A-B+C)
Wheat	3,080	1,281	655	0	626
Barley	2,325	1,449	303	190	1,337
Rye	3,270	3,597	368	164	3,393
Corn	25	5	2	1	4
Sorghum	5	5	2	0	3
TOTAL	8,706	6,337	1,329	355	5,363

Source: European Commission

1/ equals opening stocks + volumes accepted into intervention minus sales on both the domestic market and the exports market.

Given the lower level of intervention storage, the main part of total EU grain stocks consists of free market stocks. Total EU grain stocks at the end of 2000/01 are expected to rise by 600,000 MT, of which 100,000 MT for wheat and 500,000 MT for coarse grains. In fact, considering the large size of the EU grain crop of 2000, this increase is small, owing to increased cereal incorporation rates of compound feed, particularly for wheat. Within the category of coarse grains, barley is the only grain for which total stocks have decreased considerably during 2000/01.

In 2001/02, total EU grain stocks are expected to decrease by over 3 MMT, the net result of a 6 MMT-reduction in wheat stocks and a 3 MMT-rise in coarse grain stocks. For wheat, the decline is resulting from both a lower crop output in 2001, and continued use of wheat as a feed grain. In the case of coarse grains, distinction needs to be made between barley and other coarse grains. While barley will become tighter than in 1999/2000, other coarse grains will see their ending stocks increase due to limited market expansion prospects both in the domestic market and abroad.

## Policy

### Policy - Production Policy

Implementation of the Agenda 2000 reform in the arable crop sector began on July 1, 2000 when the cereal intervention price was reduced by 7.5 percent, from EUR 119.19/MT to EUR 110.25/MT. Another 7.5 percent reduction (to EUR 101.31/MT) is scheduled for the following marketing year, i.e., effective July 1, 2001. Furthermore, EU Council Regulation 1253/1999 provides that a final reduction of the intervention price in 2002/03 may be applied if warranted by the market situation. The intervention price is subject to monthly price increases for part of the marketing year in order to take account of storage costs and financing charges for storing cereals. Although the European Commission proposed to cut the monthly increment to intervention prices from EUR 1/MT, applicable through to 1999/2000, to EUR 0.93/MT in 2000/01 and to EUR 0.85/MT in

2001/02, reductions in monthly increments were postponed for another marketing year. Consequently, monthly increments were left at EUR 1/MT during marketing year 2000/01, and are scheduled to decrease to EUR 0.93/MT from 2001/02 onwards. For further details, see Council Regulation 1666/2000 of July 17, 2000.

In order to (partially) compensate for the cut in intervention prices, compensatory payments will increase from EUR 54.34/MT, applicable through to 1999/2000, to EUR 58.67/MT in 2000/01 and to EUR 63/MT in 2001/02. These amounts will also apply to grass silage and set-aside areas. Oilseeds compensatory payments are scheduled to reduce gradually to the same amount, going down from about EUR 94/MT in 1999/2000 to EUR 63/MT by the year 2002/03. Given the large decrease in oilseeds payments, it is expected that the profitability of grains will exceed that of oilseeds, resulting in a shift of oilseeds area into grains area. Planting data for marketing year 2000/01 have already confirmed this. For marketing year 2001/02, grain plantings are, however, expected to go down in response to the further cut in support prices and the relative attractiveness of entering land into the voluntary set aside scheme.

Agenda 2000 reforms brought about an equalization of payments for obligatory and voluntary set aside. The obligatory set aside rate, i.e., the proportion of the arable area to be left in set aside in order to be eligible for compensatory payments, is set at 10 percent from the 2000/01 marketing year up to the 2006/07 marketing year. Changes in market conditions may, however, result in a different set aside rate being fixed. Small producers continue to be exempt from obligatory set aside. Voluntary set aside is still allowed. See Table 5 for a comparison between official prices and rates before and after Agenda 2000 reform. Please note that as of marketing year 2001/02, the European Commission will no longer propose an "agricultural price package", because all official prices for the next marketing year have already been set through past legislation.

Table 5: Official prices and payment rates in the grain sector

		Agenda 2000	
	1999/00 EUR/MT	2000/01 EUR/MT	2001/02 EUR/MT
Intervention Price	119.19	110.25	101.31
Compensatory payment	54.34	58.67	63.00
Monthly storage increment	1.00	1.00	0.93
Set aside payment (obligatory set aside)	68.83 1/	58.67	63.00
Voluntary set aside payment	48.30 1/	58.67 2/	63.00
Durum area payment 3/	358.63	344.50	344.50
Durum supplementary area payment 4/	138.86	138.90	138.90

1/ The area payment for set-aside, mandatory or voluntary, upto a limit of 50 percent of a farmer's arable land amounts to EUR 68.83/MT. For additional, voluntary set-aside beyond the 50-percent-limit, the lower area payment of EUR 48.30/MT applies.

2/ Producers may be granted the set aside payment on land voluntarily set aside in excess of their obligation. Member states will allow farmers to voluntarily set aside up to 10 percent of the arable crop area.

3/ EUR per hectare. This area payment is supplementary to the general compensatory payment for cereals, and



is payable for durum wheat area in traditional production zones, i.e. certain economically disadvantaged regions of Italy, Spain, France, Greece, Austria and Portugal.

4/ EUR per hectare. This aid is supplementary to the general compensatory payment for cereals, and is payable to certain durum wheat areas, outside traditional production zones, in France (50,000 HA), Germany (10,000 HA), U.K.(5,000 HA), Spain (4,000 HA), and Italy (4,000 HA).

## **Policy - Import Policy**

The EU operates several tariff rate quotas (TRQs) for cereals, rice and grain products. These were initiated as settlements for past EU enlargements. The most recent TRQs were negotiated for the accession of Austria, Sweden and Finland on January 1, 1995. Products covered by TRQs include corn and sorghum to Spain and Portugal, and EU-wide TRQs on malting barley, high quality wheat, oats, worked oats, millet, brown rice, milled rice, broken rice, and cereal bran and sharps.

2000/01 corn imports into Spain and Portugal under the Accession Agreements have originated primarily from Argentina, and to a lesser extent from East Europe where corn export availabilities were substantially lower this year. Before 1998/99, the U.S. were the main supplier of feed corn to Spain and Portugal. Since the 1999 harvest the U.S. corn crop has contained several GMO corn varieties for which U.S. marketing companies have not yet received commercialization approval from the competent EU authorities. Consequently, U.S. corn shipments to the EU have come to a standstill in 1999/2000. Given that GMO approvals are currently suspended in the EU, it is very unlikely that EU corn imports from the U.S. will resume in 2001 other than negligible quantities of specialty corn.

To resolve a WTO dispute on the EU's margin of preference for grains, the EU agreed to cover import needs of U.S. brewing companies in Europe through a TRQ for malting barley, established in April 1997. Barley is imported under the generalized MOP scheme at the standard rate less EUR 8/MT. If the barley is malted within six months and made into beer that is aged in beechwood casks, an additional 50 percent duty rebate is paid to the importer. A 50,000 MT TRQ was available in 1998, 1999, and 2000, and an EU Council Regulation has been proposed in February 2001 to again open a 50,000 MT TRQ for both years 2001 and 2002.

As part of the "Europe Agreements", i.e., association agreements with Central and East European countries, the EU has, since 1997/98, established certain concessions in the form of Community tariff quotas for certain agricultural products, among others cereals and cereal products. The annual quantities applicable during marketing year 2000/01, the applicable duties, and the yearly increases as from July 1, 2001, are listed in Table 6.

Beginning July 1, 1995, the EU's system of variable import levies for grains was replaced with the "Margin of Preference (MOP)", whereby the CIF import price duty paid cannot exceed 155% of the applicable grain intervention price. In practice, grain import duties are calculated on a regular basis by the European Commission as the difference between 155% of the intervention price and representative world market prices for each of the grain varieties concerned. On July 1, 2000, grain intervention prices were decreased from EUR 119.19/MT to EUR 110.25/MT. Alone this factor resulted in a decrease in EU grain import duties of EUR 14/MT. In practice, EU import duties fell by far larger amounts during 2000/01 owing to the weak position of the EURO versus the U.S. dollar. See Table 7 for a comparison between present import duties and duties applicable one year ago. On July 1, 2001, EU grain intervention prices will be cut further from EUR

110.25/MT to EUR 101.31/MT, which will again bring about a reduction in grain import duties. As a result, high-quality grain suppliers in third countries may see their shares of the EU market increase.

Table 6: Concessions in the form of Community tariff quotas for cereals and cereal products, 2000/01 and future years

Country	Product	Applicable duty (% of mfn)	Annual quantity from July 1, 2000 to June 30, 2001 (MT)	Yearly increase as from July 1, 2001 (MT)
Czech Republic	Malting barley	20%	34,250	0
Czech Republic	Wheat flour	20%	16,875	0
Czech Republic	Malt	free	45,250	0
Slovak Republic	Malting barley	20%	17,000	0
Slovak Republic	Wheat flour	20%	16,875	0
Slovak Republic	Malt	free	18,125	0
Romania	Common wheat	free	25,000	2,500
Poland	Common wheat	free	200,000 1/	40,000
Hungary	Medium and high quality durum wheat and common wheat	free	400,000	40,000
Hungary	Malting barley	free	2,500	250
Bulgaria	Common wheat	20%	2,750	0
Bulgaria	Millet	20%	1,750	0
Estonia	Oats	free	3,000	900

1/ The quantity of 200,000 MT applies from January 1-June 30, 2001. The basic quantity for the annual increases is 400,000 MT.

Sources:

- Czech Republic, Slovak Republic, Romania, and Poland: Commission Regulation 2864/2000 of December 27, 2000, L333, page 3.
- Hungary: Council Regulation 1727/2000, L198 of August 4, 2000, page 6.
- Bulgaria: Council Regulation 2290/2000 of October 9, 2000, L262, page 1.
- Estonia: Council Regulation 2677/2000 of December 4, 2000, L 308, page 7.

Table 7: EU grain import duties, a comparison between rates applicable effective March 1, 2001 versus March 1, 2000



Product	Import duty by air or by sea from other ports 1/ EUR/MT Effective March 1, 2000	Import duty by air or by sea from other ports 1/ EUR/MT Effective March 1, 2001
Durum wheat, high quality	11.50	0.00
Durum wheat, medium quality	21.50	0.00
Common wheat, high quality	29.49	0.00
Common wheat, medium quality	63.11	16.95
Common wheat, low quality	74.64	43.50
Rye	72.62	35.31
Barley	72.62	35.31
Corn	77.46	56.67
Sorghum	72.62	35.31

1/ "other" means other than from Mediterranean , Black Sea or Baltic Sea ports

Source: Duties effective March 1, 2000: Commission Regulation 461/2000, L56 of March 1, 2000, page30.

Duties effective March 1, 2001: Commission Regulation 400/2001, L60 of March 1, 2001, page 3.

## Policy - Export Policy

In the Uruguay Round Agreement the EU agreed to cap and then reduce over time the quantity and value of EU export refunds in the period 1995-2000. For the grains sector, two categories of products were set, i.e., wheat and coarse grains. The wheat category includes soft wheat grain, durum wheat grain, wheat flour, and semolina. The category of coarse grains comprises a number of products such as coarse grains, but also cereal groats and meal, malt, starch, wheat gluten, and cereal bran. See Table 8 for an overview of export subsidy commitments in the grains sector, together with the actual subsidized exports notified by the EU to the WTO. While the EU has not reached its permitted limits of subsidy expenditures, it has adopted a policy of "rolling over" from previous years any unused volumes for coarse grains in 1998/99 and 1999/2000. Although officially notified data are not yet available for 1999/2000, it is expected that "rolling over" will also have occurred in the wheat category in 1999/2000. A higher issuance of export licenses than in 1998/99, combined with a lower annual GATT ceiling, will probably result in an overshoot of the 1999/2000 annual WTO limit for wheat.

In 2000/01, the last year of the GATT Uruguay Round implementation period, roll-over is prohibited. Therefore, the European Commission will need to monitor very carefully the volumes and values of export licenses issued with a subsidy. For coarse grains, subsidized exports are expected to stay well within its 2000/01 limits. Free market subsidies for barley, which makes up the bulk of the coarse grain category, have been zero so far in this marketing year. It is generally expected that this situation will remain during the remainder of 2000/01. Except for exports to certain ACP states, EU wheat exports have to a large extent been unsubsidized during the first half of 2000/01. Since the end of December 2000, however, free market subsidies for exports of wheat have resumed, whereby subsidy levels have varied between EUR5-13/MT.

Given the lowering in EU intervention prices, and the subsequent lowering in domestic market prices, the gap between EU and international grain prices has narrowed in 2000/01. Furthermore, the low EUR/\$ exchange rate has resulted in lower subsidy levels, representing substantial savings for the EU budget. In 2001/02, further intervention price cuts may again result in lower domestic prices and further decreases in subsidized exports. Much depends, however, on both the development of the EURO and international grain prices. For example, barley availabilities on the world market may increase, leading to lower demand for EU barley and perhaps a need for barley export subsidies.

Table 8: Quantity reduction commitments and maximum levels of outlays versus actual subsidized exports

	Quantity (1,000 MT)		Budgetary outlays (Million EURO)	
	Reduction commitments	Actual subsidized exports	Reduction commitments	Actual subsidized exports
<u>Wheat/wheat flour</u>				
1995/96	20,408.1	2,768.8	2,309.0	118.7
1996/97	19,212.7	14,410.0	2,105.0	317.5
1997/98	18,020.7	13,038.1	1,901.4	177.7
1998/99	16,825.4	14,017.3	1,697.3	500.3
1999/00	15,630.0	n.a.	1,493.2	n.a.
2000/01	14,438.0	n.a.	1,289.7	n.a.
<u>Coarse grains</u>				
1995/96	13,690.2	6,596.4	1,605.7	303.4
1996/97	13,120.6	11,844.5	1,493.9	389.0
1997/98	12,551.5	8,770.1	1,382.2	273.2
1998/99	11,981.9	14,774.9	1,270.4	764.1
1999/00	11,412.3	n.a.	1,158.6	n.a.
2000/01	10,843.2	n.a.	1,046.9	n.a.

Source: Commitments: Schedule CXL, European Communities, Part IV Agricultural Products: Commitments limiting subsidization. Actual subsidized exports: WTO notifications

## Supply & Demand tables for individual products

### Total wheat

Production, supply, demand

Beg. Month of MY	7/99		7/00		'7/01	
	Revised		Prelim. 2000		Forecast	
	1999				2001	
	old	new	old	new	old	new
Area harvested	16700	17000	17500	18000	0	17200
Beginning stocks	19164	19164	18434	15799	0	15899
Production	95850	96800	103460	104100	0	99300
Total MY imports	23300	23601	23300	24000	0	23700
July-June imports	23300	23601	23300	24000	0	23700
July-June imports U.S.	1300	1512	1350	1625	0	1725
Jul-Jun imp 3rd cntrs	3300	3868	3300	3500	0	3700
<b>TOTAL SUPPLY</b>	<b>138314</b>	<b>139565</b>	<b>145194</b>	<b>143899</b>	<b>0</b>	<b>138899</b>
Total MY exports	34080	36366	34950	36300	0	35250
July-June exports	34080	36366	34950	36300	0	35250
Jul-Jun exp 3rd cntrs	14080	16633	14950	15800	0	15250
Feed domestic cons.	38300	38600	39200	42400	0	43800
non-feed dom. cons.	47500	48800	47750	49300	0	49850
Total dom. consumption	85800	87400	86950	91700	0	93650
Ending stocks	18434	15799	23294	15899	0	9999
<b>TOTAL DISTRIBUTION</b>	<b>138314</b>	<b>139565</b>	<b>145194</b>	<b>143899</b>	<b>0</b>	<b>138899</b>

Note: Total wheat includes common wheat + durum wheat. Trade includes wheat flour.

**Total coarse grains**

Production, supply, demand

Beg. Month of MY	7/99		7/00		'7/01	
	Revised		Prelim. 2000		Forecast	
	1999				2001	
	old	new	old	new	old	new
Area harvested	19410	19210	19460	19400	0	19700
Beginning stocks	24880	24880	22045	22176	0	22696
Production	103150	102900	105220	107400	0	108970
Total MY imports	16690	17261	17550	17085	0	16810
Oct-Sep imports	16690	17400	17550	17085	0	16810
Oct-Sep imports U.S.	270	312	300	222	0	312
Oct-Sep imp 3rd cntrs	2162	2911	3012	2550	0	2275
<b>TOTAL SUPPLY</b>	<b>144720</b>	<b>145041</b>	<b>144815</b>	<b>146661</b>	<b>0</b>	<b>148476</b>
Total MY exports	25465	27225	23995	26305	0	25435
Oct-Sep exports	26665	27934	25195	26305	0	25435
Oct-Sep exp 3rd cntrs	12175	13446	10705	11770	0	10900
Feed domestic cons.	73640	72050	73870	73470	0	72920
non-feed dom. cons.	23570	23590	23790	24190	0	24840
Total dom. consumption	97210	95640	97660	97660	0	97760
Ending stocks	22045	22176	23160	22696	0	25281
<b>TOTAL DISTRIBUTION</b>	<b>144720</b>	<b>145041</b>	<b>144815</b>	<b>146661</b>	<b>0</b>	<b>148476</b>

**Common wheat**

Production, supply, demand

Beg. Month of MY	7/99		7/00		'7/01	
	Revised		Prelim. 2000		Forecast	
	1999				2001	
	old	new	old	new	old	new
Area harvested	13200	13500	14000	14400	0	13700
Beginning stocks	17967	17967	17617	14707	0	14607
Production	88700	89350	95060	95500	0	91000
Total MY imports	21000	21003	21200	21500	0	21200
July-June imports	21000	21003	21200	21500	0	21200
July-June imports U.S.	1000	1095	1100	1200	0	1300
Jul-Jun imp 3rd cntrs	2500	2693	2700	2500	0	2700
<b>TOTAL SUPPLY</b>	<b>127667</b>	<b>128320</b>	<b>133877</b>	<b>131707</b>	<b>0</b>	<b>126807</b>
Total MY exports	32500	34813	33300	34500	0	33500
July-June exports	32500	34813	33300	34500	0	33500
Jul-Jun exp 3rd cntrs	14000	16503	14800	15500	0	15000
Feed domestic cons.	37800	38000	38500	41600	0	43000
non-feed dom. cons.	39750	40800	40000	41000	0	41500
Total dom. consumption	77550	78800	78500	82600	0	84500
Ending stocks	17617	14707	22077	14607	0	8807
<b>TOTAL DISTRIBUTION</b>	<b>127667</b>	<b>128320</b>	<b>133877</b>	<b>131707</b>	<b>0</b>	<b>126807</b>

**Durum wheat**

Production, supply, demand

Beg. Month of MY	7/99		7/00		'7/01	
	Revised 1999		Prelim. 2000		Forecast 2001	
	old	new	old	new	old	new
Area harvested	3500	3500	3500	3600	0	3500
Beginning stocks	1197	1197	817	1092	0	1292
Production	7150	7450	8400	8600	0	8300
Total MY imports	2300	2598	2100	2500	0	2500
July-June imports	2300	2598	2100	2500	0	2500
July-June imports U.S.	300	417	250	425	0	425
Jul-Jun imp 3rd cntrs	800	1175	600	1000	0	1000
<b>TOTAL SUPPLY</b>	<b>10647</b>	<b>11245</b>	<b>11317</b>	<b>12192</b>	<b>0</b>	<b>12092</b>
Total MY exports	1580	1553	1650	1800	0	1750
July-June exports	1580	1553	1650	1800	0	1750
Jul-Jun exp 3rd cntrs	80	130	150	300	0	250
Feed domestic cons.	500	600	700	800	0	800
non-feed dom. cons.	7750	8000	7750	8300	0	8350
Total dom. consumption	8250	8600	8450	9100	0	9150
Ending stocks	817	1092	1217	1292	0	1192
<b>TOTAL DISTRIBUTION</b>	<b>10647</b>	<b>11245</b>	<b>11317</b>	<b>12192</b>	<b>0</b>	<b>12092</b>

**Barley**

Production, supply, demand

Beg. Month of MY	7/99 Revised 1999		7/00 Prelim. 2000		'7/01 Forecast 2001	
	old	new	old	new	old	new
Area harvested	11000	10900	10800	10700	0	11000
Beginning stocks	14343	14343	12253	11102	0	9522
Production	49300	49000	50200	51180	0	50500
Total MY imports	4510	4552	4510	4540	0	4570
Oct-Sep imports	4510	4624	4510	4540	0	4570
Oct-Sep imports U.S.	30	28	30	30	0	50
Oct-Sep imp 3rd cntrs	60	67	60	40	0	70
<b>TOTAL SUPPLY</b>	<b>68153</b>	<b>67895</b>	<b>66963</b>	<b>66822</b>	<b>0</b>	<b>64592</b>
Total MY exports	12700	14593	12200	14000	0	13000
Oct-Sep exports	13900	15028	13400	14000	0	13000
Oct-Sep exp 3rd cntrs	9500	10471	9000	9500	0	8500
Feed domestic cons.	31400	30500	31700	31300	0	30500
non-feed dom. cons.	11800	11700	12000	12000	0	12500
Total dom. consumption	43200	42200	43700	43300	0	43000
Ending stocks	12253	11102	11063	9522	0	8592
<b>TOTAL DISTRIBUTION</b>	<b>68153</b>	<b>67895</b>	<b>66963</b>	<b>66822</b>	<b>0</b>	<b>64592</b>

**Corn**

Production, supply, demand

Beg. Month of MY	7/99		7/00		'7/01	
	Revised		Prelim. 2000		Forecast	
	1999				2001	
	old	new	old	new	old	new
Area harvested	4100	4100	4100	4300	0	4400
Beginning stocks	4988	4988	5213	6124	0	8224
Production	36300	36700	36400	38200	0	40200
Total MY imports	10700	11344	11500	11200	0	10800
Oct-Sep imports	10700	11437	11500	11200	0	10800
Oct-Sep imports U.S.	0	80	0	20	0	40
Oct-Sep imp 3rd cntrs	1700	2459	2500	2200	0	1800
<b>TOTAL SUPPLY</b>	<b>51988</b>	<b>53032</b>	<b>53113</b>	<b>55524</b>	<b>0</b>	<b>59224</b>
Total MY exports	9075	9108	9100	9200	0	9300
Oct-Sep exports	9075	9190	9100	9200	0	9300
Oct-Sep exp 3rd cntrs	75	212	100	200	0	300
Feed domestic cons.	29400	29400	29500	29450	0	29500
non-feed dom. cons.	8300	8400	8300	8650	0	8800
Total dom. consumption	37700	37800	37800	38100	0	38300
Ending stocks	5213	6124	6213	8224	0	11624
<b>TOTAL DISTRIBUTION</b>	<b>51988</b>	<b>53032</b>	<b>53113</b>	<b>55524</b>	<b>0</b>	<b>59224</b>



**Oats**

Production, supply, demand

Beg. Month of MY	7/99 Revised 1999		7/00 Prelim. 2000		'7/01 Forecast 2001	
	old	new	old	new	old	new
Area harvested	2000	2000	2050	1890	0	1820
Beginning stocks	632	632	132	531	0	291
Production	6450	6400	6700	6700	0	6500
Total MY imports	370	377	400	360	0	360
Oct-Sep imports	370	413	400	360	0	360
Oct-Sep imports U.S.	0	0	0	0	0	0
Oct-Sep imp 3rd cntrs	5	21	5	10	0	10
<b>TOTAL SUPPLY</b>	<b>7452</b>	<b>7409</b>	<b>7232</b>	<b>7591</b>	<b>0</b>	<b>7151</b>
Total MY exports	920	778	920	1000	0	900
Oct-Sep exports	920	855	920	1000	0	900
Oct-Sep exp 3rd cntrs	550	463	550	650	0	550
Feed domestic cons.	5000	4700	4900	4900	0	4700
non-feed dom. cons.	1400	1400	1400	1400	0	1400
Total dom. consumption	6400	6100	6300	6300	0	6100
Ending stocks	132	531	12	291	0	151
<b>TOTAL DISTRIBUTION</b>	<b>7452</b>	<b>7409</b>	<b>7232</b>	<b>7591</b>	<b>0</b>	<b>7151</b>

**Rye**

Production, supply, demand

Beg. Month of MY	7/99 Revised 1999		7/00 Prelim. 2000		'7/01 Forecast 2001	
	old	new	old	new	old	new
Area harvested	1200	1100	1300	1300	0	1260
Beginning stocks	4654	4654	4304	4196	0	4201
Production	5650	5600	6100	5500	0	5750
Total MY imports	250	251	250	255	0	250
Oct-Sep imports	250	203	250	255	0	250
Oct-Sep imports U.S.	0	0	0	0	0	0
Oct-Sep imp 3rd cntrs	2	2	2	5	0	0
<b>TOTAL SUPPLY</b>	<b>10554</b>	<b>10505</b>	<b>10654</b>	<b>9951</b>	<b>0</b>	<b>10201</b>
Total MY exports	2250	2309	1250	1650	0	1750
Oct-Sep exports	2250	2446	1250	1650	0	1750
Oct-Sep exp 3rd cntrs	2000	2245	1000	1400	0	1500
Feed domestic cons.	2200	2200	2100	2250	0	2300
non-feed dom. cons.	1800	1800	1800	1850	0	1850
Total dom. consumption	4000	4000	3900	4100	0	4150
Ending stocks	4304	4196	5504	4201	0	4301
<b>TOTAL DISTRIBUTION</b>	<b>10554</b>	<b>10505</b>	<b>10654</b>	<b>9951</b>	<b>0</b>	<b>10201</b>

**Sorghum**

Production, supply, demand

Beg. Month of MY	7/99		7/00		'7/01	
	Revised 1999		Prelim. 2000		Forecast 2001	
	old	new	old	new	old	new
Area harvested	100	100	100	100	0	100
Beginning stocks	76	76	56	77	0	107
Production	700	650	600	600	0	600
Total MY imports	500	461	550	400	0	500
Oct-Sep imports	500	478	550	400	0	500
Oct-Sep imports U.S.	220	183	250	150	0	200
Oct-Sep imp 3rd cntrs	300	263	350	200	0	300
<b>TOTAL SUPPLY</b>	<b>1276</b>	<b>1187</b>	<b>1206</b>	<b>1077</b>	<b>0</b>	<b>1207</b>
Total MY exports	270	260	275	220	0	250
Oct-Sep exports	270	269	275	220	0	250
Oct-Sep exp 3rd cntrs	50	54	55	20	0	50
Feed domestic cons.	800	700	700	600	0	700
non-feed dom. cons.	150	150	150	150	0	150
Total dom. consumption	950	850	850	750	0	850
Ending stocks	56	77	81	107	0	107
<b>TOTAL DISTRIBUTION</b>	<b>1276</b>	<b>1187</b>	<b>1206</b>	<b>1077</b>	<b>0</b>	<b>1207</b>

**Millet**

Production, supply, demand

Beg. Month of MY	7/99 Revised 1999		7/00 Prelim. 2000		'7/01 Forecast 2001	
	old	new	old	new	old	new
Area harvested	10	10	10	10	0	10
Beginning stocks	80	80	70	95	0	85
Production	20	20	20	20	0	20
Total MY imports	120	128	120	125	0	125
Oct-Sep imports	120	124	120	125	0	125
Oct-Sep imports U.S.	20	19	20	20	0	20
Oct-Sep imp 3rd cntrs	90	94	90	90	0	90
<b>TOTAL SUPPLY</b>	<b>220</b>	<b>228</b>	<b>210</b>	<b>240</b>	<b>0</b>	<b>230</b>
Total MY exports	30	33	30	35	0	35
Oct-Sep exports	30	30	30	35	0	35
Oct-Sep exp 3rd cntrs	0	1	0	0	0	0
Feed domestic cons.	120	100	120	120	0	120
non-feed dom. cons.	0	0	0	0	0	0
Total dom. consumption	120	100	120	120	0	120
Ending stocks	70	95	60	85	0	75
<b>TOTAL DISTRIBUTION</b>	<b>220</b>	<b>228</b>	<b>210</b>	<b>240</b>	<b>0</b>	<b>230</b>

**Mixed grains**

Production, supply, demand

Beg. Month of MY	7/99 Revised 1999		7/00 Prelim. 2000		'7/01 Forecast 2001	
	old	new	old	new	old	new
Area harvested	1000	1000	1100	1100	0	1110
Beginning stocks	107	107	17	51	0	266
Production	4730	4530	5200	5200	0	5400
Total MY imports	240	148	220	205	0	205
Oct-Sep imports	240	121	220	205	0	205
Oct-Sep imports U.S.	0	2	0	2	0	2
Oct-Sep imp 3rd cntrs	5	5	5	5	0	5
<b>TOTAL SUPPLY</b>	<b>5077</b>	<b>4785</b>	<b>5437</b>	<b>5456</b>	<b>0</b>	<b>5871</b>
Total MY exports	220	144	220	200	0	200
Oct-Sep exports	220	116	220	200	0	200
Oct-Sep exp 3rd cntrs	0	0	0	0	0	0
Feed domestic cons.	4720	4450	4850	4850	0	5100
non-feed dom. cons.	120	140	140	140	0	140
Total dom. consumption	4840	4590	4990	4990	0	5240
Ending stocks	17	51	227	266	0	431
<b>TOTAL DISTRIBUTION</b>	<b>5077</b>	<b>4785</b>	<b>5437</b>	<b>5456</b>	<b>0</b>	<b>5871</b>